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RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
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SUBJECT: DRAFT TURKMENISTAN-EU MEMORANDUM OF UNDERSTANDING  
ON CO-OPERATION IN THE FIELD OF ENERGY

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) On November 19, the EU-TACIS office in Ashgabat informally passed to the Embassy a copy of the draft MOU, dated November 9, 2007, for further cooperation between the EU/EC and the Government of Turkmenistan. According to EU/TACIS the Turkmenistan government has until November 30 to provide any additions or amendments. A Turkmenistan official is expected attend the technical meeting in Brussels on November 30 to discuss the findings of the "EU Feasibility study of a TransCaspian - Black Sea Corridor."

¶3. (SBU) The text of the MOU follows:

BEGIN TEXT:

MEMORANDUM OF UNDERSTANDING ON CO-OPERATION IN THE FIELD OF  
ENERGY BETWEEN THE EUROPEAN UNION AND TURKMENISTAN

Recognising the strategic importance of the energy sector for  
the economic and social development of Turkmenistan,

recognising the key role of Turkmenistan as a major  
hydrocarbon producer in the Caspian Sea region, and the  
mutual interest of both the European Union and Turkmenistan  
for enhancing cooperation in the energy sector to increase  
the security of energy supplies and the predictability of  
energy demands,

having regard to the Communication to the Council and the  
European Parliament on an Energy Policy for Europe of 10  
January 2007, which sets-out the priorities to be pursued by  
an effective external EU Energy Policy,

having regard to the conclusions of the Brussels European

Council meeting of 8-9 March 2007, which underlined, inter alia, the importance of intensifying the EU relationship in the field of energy with Central Asian and the Caspian region,

having regard to the EU Strategy for a new partnership with Central Asia adopted during the European Council of 21-22 June 2007, which notes the common interest in diversifying export routes, demand and supply structures and energy sources, as well as the intent of the EU to lend political support and assistance to Central Asian countries in developing a new Caspian Sea-Black Sea ) EU energy transport corridor.

recalling the conclusions of the 2nd Energy Ministerial Conference in Astana on 30 November 2006 on Enhancing Energy Co-operation between the EU, the Littoral States of the Black and Caspian Seas and their neighbouring countries in which participants agreed to focus their co-operation on the following objectives:

- converging of energy markets on the basis of the EU internal energy market principles taking into account the particularities of the Partner Countries;
- enhancing energy security by addressing the issues of energy exports/imports, supply diversification, energy transit and energy demand;
- supporting sustainable energy development, including the development of energy efficiency, renewable energy sources and demand side management;
- attracting investment towards energy projects of common and regional interest,

recalling that both sides have benefited from co-operation in the framework of Community assistance under the INOGATE

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Programme,

recognising that enhanced energy co-operation with the European Union could address more specifically those areas not already covered by regional co-operation as well as focus more clearly on those issues of particular mutual interest.

recognising the importance of their bilateral energy relations and the necessity to adopt a comprehensive approach Turkmenistan and the European Union express their readiness to cooperate on the elaboration of two roadmaps concerning enhancement of energy security and industrial cooperation respectively.

#### 1. Road map for enhancing energy security

1.1 The European Union and Turkmenistan will regularly exchange information on the development of policies that may have an impact on the production, processing, transportation and use of all energy resources, with a focus on energy security.

1.2 The European Union and Turkmenistan will regularly consult on energy scenarios in order to have a joint understanding of possible future developments including, in particular, hydrocarbon reserves assessment, plans to expand production capacity and the energy transportation system as well as possible future trends in energy demand within the European Union.

1.3 In view of mutual interest to diversify energy markets and supply routes, the European Union and Turkmenistan will cooperate in implementing attractive, stable, equitable and transparent conditions, such as institutional, legal, fiscal and other conditions to facilitate and expand non-discriminatory investment in the energy sector. The EU and Turkmenistan will co-operate to give political support and facilitate the development of energy transportation infrastructure of common interest in particular along the Southern Corridor route. As appropriate, this could include

input from International Financing Institutions.

## 12. Road map for enhancing industrial cooperation

Recognising the common interest in attracting further investment into the energy sector in Turkmenistan, Turkmenistan and the European Union intend to:

- promote cooperation between the European Union and Turkmenistan, and their respective energy companies through joint activities with a particular focus on investments in the upstream sector, energy technology, the acquisition of technological skills, appropriate training and exchange of expertise;
- support co-operation in hydrocarbon exploration for both on-shore and off-shore and transportation
- develop and introduce renewable energy sources, such as solar energy, as well as energy efficient and environmentally friendly technologies such as gas flaring reduction measures
- promote the formulation and implementation of energy efficiency policies as well as exchange of industry best practices (including possibly in the building sector and in the area of district heating), in order to reduce energy wastage and the environmental impact of high energy consumption.

## Final Considerations

The present document is a document that records political

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intent alone and provides for no legal commitment.

Done in XXX on the X day of XXX 200X, in the English and Turkmen(?) languages.

On behalf  
behalf  
of the European Union  
Turkmenistan

On  
of the Republic of

END TEXT.

14. (SBU) COMMENT: While the development of a unified EU energy policy emphasizing alternative export pipelines for Turkmenistan and greater EU engagement on energy issues with Turkmenistan is consistent with U.S. policy, the discussion of a Southern Corridor route in section 1.3, which likely is a reference to a pipeline through Iran, is not. Post has discussed this issue on occasion with EU-TACIS, whose director has previously defended such a pipeline as "a good idea" and who has made very clear that this is one area where there is a major parting of the minds between the EU and the United States. END SUMMARY.  
HOAGLAND